

NATIONAL DIRECT STUDENT LOAN (NDSL) PROMISSORY NOTE

OMB No. 1845-0048 Form Approved Expiration Date 10/31/2004

Section A: Borrower Section

1. Name (last, first, middle initial) and Permanent Address (street, city, state, zip code)	2. Social Security Number
	3. Date of Birth (mm/dd/yyyy)
	4. Area Code/Telephone Number
	5. Driver's License Number (List state abbreviation first)

Section B: School Section

6. School Name & Address (street, city, state, zip code)	7. Borrower Status <input type="checkbox"/> Half-time or greater <input type="checkbox"/> Less than half-time	8. Annual Interest Rate 5%
	9. Loan Amount:	10. Loan Period

<i>Loan Amount</i>	<i>Loan Period</i>	<i>Date Signed</i>	<i>Borrower's Signature</i>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Terms and Conditions [Any bracketed clause or paragraph may be included at option of institution]

APPLICABLE LAW - The terms of this National Direct Student Loan (NDSL) Promissory Note (hereinafter called the Note) and any disbursements made under this Note shall be interpreted in accordance with Part E of Title IV of the Higher Education Act of 1965, as amended (hereinafter called the Act), as well as Federal regulations issued under the Act. All sums advanced under this Note are subject to the Act and Federal regulations issued under the Act.

REPAYMENT - I am obligated to repay the principal and the interest that accrues on my loan(s) to the above-named institution (hereinafter called the School) over a period beginning 6 months (or sooner if I am a Less Than Half-Time Borrower) after the date I cease to be at least a half-time student at an institution of higher education or a comparable school outside the United States approved by the United States Department of Education (hereinafter called the Department) and ending 10 years later, unless I request in writing that my repayment period begin sooner. I understand that the School will report the amount of my installment payments, along with the amount of this loan to at least one national credit bureau. Interest on this loan shall accrue from the beginning of the repayment period. My repayment period may be shorter than 10 years if I am required by my School to make minimum monthly payments. My repayment period may be extended during periods of deferment, hardship, or forbearance and I may make graduated installments in accordance with a schedule approved by the Department. I will make my installment payments in equal monthly, bimonthly or quarterly installments as determined by the School. The School may round my installment payment to the next highest multiple of \$5. [I will make a minimum monthly repayment of \$30 in accordance with the Minimum Monthly Payment Section of the Terms and Conditions contained on the reverse side of this document.]

LATE CHARGES - The School will impose late charges if I do not make a scheduled payment when due or if I fail to submit to the School on or before the due date of the payment, a properly documented request for any of the forbearance, deferment or cancellation benefits as described below. No late charges may exceed 20 percent of my monthly, bimonthly, or quarterly payment. The School may add the late charges to principal the day after the scheduled payment was due or include it with the next scheduled payment after I have received notice of the charge, and such notice is sent before the next installment is due.

FORBEARANCE, DEFERMENT, OR CANCELLATION— I may apply for a forbearance, deferment, or cancellation on my loan. During an approved forbearance period, payments of principal and interest, or principal only, may be postponed or reduced. Interest continues to accrue while my loan is in forbearance. During an approved deferment period, I am not required to make scheduled installment payments on my loan. I am not liable for any interest that might otherwise accrue while my loan is in deferment. If I meet the eligibility requirements for a cancellation of my loan, the institution may cancel up to 100 percent of the outstanding principal loan amount. Information on eligibility and application requirements for forbearances, deferments, and cancellations is provided on pages 2 and 3 of this Note. I am responsible for submitting the appropriate requests on time, and I may lose my benefits if I fail to file my request on time.

DEFAULT— The School may, at its option, declare my loan to be in default if (1) I fail to make a scheduled payment when due; (2) I fail to submit to the School, on or before the due date of a scheduled payment, documentation that I qualify for a forbearance, deferment, or cancellation; or (3) I fail to comply with the terms and conditions of this Promissory Note or written repayment agreement.

The School may assign a defaulted loan to the Department for collection. I will be ineligible for any further federal student financial assistance authorized under the Act until I make arrangements that are satisfactory to the School or the Department to repay my loan. The School or the Department shall disclose to credit bureau organizations that I have defaulted and all other relevant loan information. I will lose my right to defer payments and my right to forbearance if I default on my loan. The School or the Department may accelerate my defaulted loan. Acceleration means that the School or the Department demands immediate payment of the entire unpaid balance of the loan, including principal, interest, late charges, and collection costs. I will lose my right to receive cancellation benefits for service that is performed after the date the School or the Department accelerated the loan.

CHANGE OF STATUS - I will inform the School of any change in my name, address, telephone number, Social Security Number, or driver's license number.

PROMISE TO PAY: I promise to pay the School, or a subsequent holder of the Promissory Note, the sum of amount(s) advanced to me under the terms of this Note, plus interest and other fees which may become due as provided in this Note. I promise to pay all reasonable collection costs, including attorney fees and other charges, necessary for the collection of any amount not paid when due. I will not sign this Note before reading it, including the provisions on pages 2 and 3 of this Note. This loan has been made to me without security or endorsement. My signature certifies I have read, understand, and agree to the terms and conditions of this Promissory Note. **I UNDERSTAND THAT I AM RECEIVING A LOAN THAT MUST BE repaid.**

Borrower's Signature

Date

Terms and Conditions (cont.)

LOAN REHABILITATION - If I default on my NDSL loan, I may rehabilitate my defaulted loan by requesting the rehabilitation and by making a voluntary, on-time, monthly payment, as determined by the School, each month for twelve consecutive months. If I successfully rehabilitate my defaulted NDSL loan, I will again be subject to the terms and conditions and qualify for any remaining benefits and privileges of my original Promissory Note and the default will be removed from my credit history. **I understand that I may rehabilitate a defaulted NDSL loan only once.** After my loan is rehabilitated, collection costs on the loan may not exceed 24 percent of the unpaid principal and accrued interest as of the date following the application of the twelfth consecutive payment. If I default on my rehabilitated loan, the cap on collection costs is removed.

ASSIGNMENT - This Note may be assigned by the School only to the United States, as represented by the United States Department of Education. Upon assignment, the provisions of this Note that relate to the School will, where appropriate, relate to the Department.

HARDSHIP REPAYMENT OPTIONS - Upon my written request, the School may extend my repayment period (1) for up to an additional 10 years if I qualify as a low-income individual during the repayment period; or (2) for the period necessary beyond my 10 year repayment period if, in the School's opinion, prolonged illness or unemployment prevent me from making the scheduled repayments. Interest will continue to accrue during any extension of a repayment period.

If I am required by the School to make minimum monthly payment on my loan, the School may also permit me to pay less than the minimum monthly payment amount for a period of not more than one year at a time if I experience a period of prolonged illness or unemployment, however, such action may not exceed the repayment period beyond 10 years.

GRACE PERIODS – Unless I am a Less-Than-Half-Time Borrower, I will receive an initial six-month grace period before the first payment of my NDSL loan must be made. After the close of an authorized deferment period, I will receive a post-deferment grace period of 6 months before my payments resume. Interest does not accrue during the initial grace period or during the post-deferment grace period. The six-month initial grace period for NDSL loans does not include any period up to three years during which I am called or ordered to active duty for more than 30 days from a reserve component of the Armed Forces of the United States, including the period necessary for me to resume enrollment at the next available enrollment period. I must notify the school that made my loan of the beginning and ending dates of my service, and the date I resume enrollment. If I am in my initial grace period when called or ordered to active duty, I am entitled to a new six-month initial grace period upon completion of the excluded period.

If I am a Less-Than-Half-Time Borrower with outstanding NDSL loans, my repayment period begins when the next scheduled installment of my outstanding loan is due. If I am a Less-Than-Half Time Borrower with no other outstanding NDSL loans, my repayment begins the earlier of: 9 months from the date my loan was made, or 9 months from the date I became less than a half-time student, even if I received the loan after I became a less than half-time student.

PREPAYMENT - I may prepay all or any part of my unpaid loan balance, plus any accrued interest, at any time without penalty. Amounts I repay in the academic year in which the loan was made and before the initial grace period has ended will be used to reduce the amount of the loan and will not be considered a prepayment. If I repay amounts during the academic year in which the loan was made and the initial grace period has ended, only those amounts in excess of the amount due for any repayment period shall be considered a prepayment. If, in an academic year other than the award year in which the loan was made, I repay more than the amount due for an installment, the excess will be used to repay principal unless I designate it as an advance payment of the next regular installment.

MINIMUM MONTHLY PAYMENT – If my total monthly payment amount on this loan, or the total monthly payment amount on all my Defense, NDSL and Federal Perkins loans, including this loan, is less than \$30 per month, I will repay the principal and interest on this loan at the rate of \$30 per month, or its bimonthly or quarterly equivalent. If I have received Defense, NDSL, and Federal Perkins Loans from other schools and the total monthly payment amount on those loans is less than \$30, my \$30 minimum monthly payment will include amounts I owe on these loans as well. The portion of the \$30 monthly payment that will be applied to this loan will be the difference between \$30 and the total of the amounts owed on a monthly basis on my other Defense, NDSL and Federal Perkins Loans. If each school holding my outstanding Defense, NDSL, or Federal Perkins loans requires a \$30 minimum monthly payment, the minimum monthly payment will be divided among the schools in proportion to the loan amount advanced by each school.

FORBEARANCE - Upon making a properly documented written request to the School, I am entitled to forbearance of principal and interest or principal only, renewable at intervals of up to 12 months for periods that collectively do not exceed three years, under the following conditions: If my monthly Title IV loan debt burden equals or exceeds 20 percent of my total monthly gross income; if the Secretary authorizes a period of forbearance due to a national military mobilization or other national emergency; or if the School determines that I qualify due to poor health or for other reasons, including service in AmeriCorps. Interest accrues during any period of forbearance.

DEFERMENTS – To apply for a deferment, I must request the deferment from the School. My request does not have to be in writing, but the School may require that I submit supporting documentation to prove my eligibility for a deferment. I may defer making scheduled installment payments and will not be liable for any interest that might otherwise accrue 1) during any period that I am enrolled and attending as a regular student in at least a half-time course of study at an eligible school (If the School obtains student enrollment information showing that I qualify for this deferment, the School may grant the deferment without my request providing the School notifies me and gives me the option to cancel the deferment); 2) during any period that I am enrolled and attending as a regular student in a graduate fellowship program approved by the Secretary; engaged in graduate or post-graduate fellowship-supported study outside the US; enrolled and attending a rehabilitation training program for disabled individuals approved by the Secretary; engaged in public service that qualifies me to have part or all of my loan cancelled; 3) for a period not to exceed three years during which I am seeking but unable to find full-time employment; and 4) for a period not to exceed three years, for up to one year at a time, during which I am experiencing an economic hardship as determined by the School. I may qualify for an economic hardship deferment for my NDSL loan if I provide my school with documentation showing that I have been granted an economic hardship deferment under the William D. Ford Federal Direct Loan Program or Federal Family Education Loan Program for the period of time for which I am requesting an economic hardship deferment for my NDSL loan. If I am serving as a volunteer in the Peace Corps, I am eligible for an economic hardship deferment for my full term of service. An economic hardship deferment based on service as a Peace Corps volunteer may not exceed the lesser of three years or my remaining period of economic hardship eligibility.

I may continue to defer making scheduled installment payments and will not be liable for any interest that might otherwise accrue for a six-month period immediately following the expiration of any deferment period described in this paragraph.

I am not eligible for a deferment while serving in a medical internship or residency program

Terms and Conditions (cont.)

CANCELLATIONS - Upon making a properly documented written request to the School, I am entitled to have up to 100 percent of the original principal loan amount of this loan canceled if I perform qualifying service in the areas listed in paragraphs A, B, C, D and E below. Qualifying service must be performed after I receive the loan.

A. Teaching • a full-time teacher in a public or other nonprofit elementary or secondary school, that has been designated by the Secretary in accordance with the provisions of section 465(a)(2) of the Act as a school with a high concentration of students from low-income families. An official Directory of designated low-income schools is published annually by the Secretary. • a full-time special education teacher in a public or nonprofit elementary or secondary school system; or • a full-time teacher, in a public or other nonprofit elementary or secondary school system, who teaches mathematics, science, foreign languages, bilingual education, or any other field of expertise that is determined by the State Department of Education to have a shortage of qualified teachers in that State.

B. Early Intervention Services • a full-time qualified professional provider of early intervention services in a public or other nonprofit program under public supervision by a lead agency as authorized by section 632(5) of the Individuals with Disabilities Education Act. Early intervention services are provided to infants and toddlers with disabilities.

C. Law Enforcement or Corrections Officer • a full-time law enforcement officer for an eligible local, State or Federal law enforcement agency; or • a full-time corrections officer for an eligible local, State, or Federal corrections agency.

D. Nurse or Medical Technician • a full-time nurse providing health care services; or • a full-time medical technician providing health care services.

E. Child or Family Service Agency • a full-time employee of an eligible public or private non-profit child or family service agency who is providing or supervising the provision of services to high-risk children who are from low-income communities and the families of such children.

Cancellation Rates - For each completed year of service under paragraphs A, B, C, D, and E a portion of this loan will be canceled at the following rates:

- 15 percent of the original principal loan amount for each of the first and second years; • 20 percent of the original principal loan amount for each of the third year and fourth years; and • 30 percent of the original principal loan amount for the fifth year.

F. Head Start Cancellation - Upon making a properly documented written request to the school, I am entitled to have up to 100 percent of the original principal loan amount canceled for qualifying service performed after I receive the loan as: • a full-time staff member in the educational component of a Head Start program which is operated for a period comparable to a full school year and which pays a salary comparable to an employee of a local educational agency.

Cancellation Rate - For each completed year of service under the Head Start Cancellation provision, this loan will be canceled at the rate of 15 percent of the original principal loan amount.

G. Military Cancellation - Upon making a properly documented written request to the school, I am entitled to have up to 50 percent of the principal amount of this loan canceled for qualifying service performed after I receive the loan as: • a member of the Armed Forces of the United States in an area of hostilities that qualifies for special pay under section 310 of Title 37 of the United States Code.

Cancellation Rate - For each completed year of service under the Military Cancellation provision, this loan will be canceled at the rate of 12½ percent of the original principal loan amount.

H. Volunteer Service Cancellation - Upon making a properly documented written request to the school, I am entitled to have up to 70 percent of the original principal loan amount of this loan canceled for qualifying service performed after I received the loan as: • a volunteer under the Peace Corps Act; • a volunteer under the Domestic Volunteer Service Act of 1973 (ACTION programs).

Cancellation Rate - For each completed year of service under the Volunteer Service Cancellation provision, a portion of this loan will be canceled at the following rates:

- 15 percent of the original principal loan amount for each of the first and second 12-month periods of service; and • 20 percent of the original principal loan amount for each of the third and fourth 12-month periods of service.

DISCHARGES - My obligation to repay this loan may be partially or totally discharged for the reasons specified in paragraphs A, B, C, and D below.

A. Death - In the event of my death, the School will discharge the total amount owed on this loan.

B. Total and Permanent Disability - If I become totally and permanently disabled after I receive this loan, the School will discharge the total amount owed on this loan. If my disability discharge claim is approved by the School on or after July 1, 2002, this loan will be assigned to the United States Department of Education, which will discharge the total amount owed on this loan if it determines that I am eligible for a total and permanent disability discharge.

C. School Closure - Under certain conditions, my total liability will be discharged, including refunding any amounts I have already paid on the loan, if I was unable to complete the program in which I was enrolled because my school closed.

D. Bankruptcy - Under certain conditions, my loan may be discharged in bankruptcy. In order to discharge a loan in bankruptcy, I must prove undue hardship in an adversary proceeding before the bankruptcy court.

Disclosure of Information

STUDENT LOAN OMBUDSMAN - If I dispute the terms of my NDSL loan in writing to my School, and my School and I are unable to resolve the dispute, I may seek the assistance of the Department of Education's Student Loan Ombudsman. The Student Loan Ombudsman will review and attempt to informally resolve the dispute.

Important Notices

Privacy Act Notice

The Privacy Act of 1974 (5 U.S.C. 552a) requires that the following notice be provided to you:

The authority for collecting the requested information from and about you is §451 et seq. of the Higher Education Act of 1965, as amended (20 U.S.C. 1087a et seq.) and the authority for collecting and using your Social Security Number (SSN) is §484(a)(4) of the HEA (20 U.S.C. 10941(a)(4)). Participating in the National Direct Student Loan (NDSL) Program and giving us your SSN are voluntary, but you must provide the requested information, including your SSN, to participate.

The principal purposes for collecting the information on this form, including your SSN, are to verify your identity, to determine your eligibility to receive a loan or a benefit on a loan (such as a deferment, forbearance, discharge, or cancellation) under the NDSL Program, to permit the servicing of your loan(s), and, if it becomes necessary, to locate you and to collect on your loan(s) if your loan(s) become delinquent or in default. We also use your SSN as an account identifier and to permit you to access your account information electronically.

The information in your file may be disclosed to third parties as authorized under routine uses in the appropriate systems of records. The routine uses of this information include its disclosure to federal, state, or local agencies, to other federal agencies under computer matching programs, to agencies that we authorize to assist us in administering our loan programs, to private parties such as relatives, present and former employers, business and personal associates, to credit bureau organizations, to educational institutions, and to contractors in order to verify your identity, to determine your eligibility to receive a loan or a benefit on a loan, to permit the servicing or collection of your loan(s), to counsel you in repayment efforts, to enforce the terms of the loan(s), to investigate possible fraud and to verify compliance with federal student financial aid program regulations, to locate you if you become delinquent in your loan payments or if you default, to provide default rate calculations, to provide financial aid history information, to assist program administrators with tracking refunds and cancellations, or to provide a standardized method for educational institutions efficiently to submit student enrollment status.

In the event of litigation, we may send records to the Department of Justice, a court, adjudicative body, counsel, party, or witness if the disclosure is relevant and necessary to the litigation. If this information, either alone or with other information, indicates a potential violation of law, we may send it to the appropriate authority for action. We may send information to members of Congress if you ask them to help you with federal student aid questions. In circumstances involving employment complaints, grievances, or disciplinary actions, we may disclose relevant records to adjudicate or investigate the issues. If provided for by a collective bargaining agreement, we may disclose records to a labor organization recognized under 5 U.S.C. Chapter 71. Disclosures may also be made to qualified researchers under Privacy Act safeguards.

Financial Privacy Act Notice

Under the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401-3421), the U.S. Department of Education will have access to financial records in your student loan file maintained by the lender in compliance with the administration of the NDSL Program.

Paperwork Reduction Notice

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a currently valid OMB control number. The valid OMB control number for this information collection is 1845-0048. The time required to complete this information is estimated to average 0.5 hours (30 minutes) per response, including the time to review instructions, search existing data resources, gather and maintain the data needed, and complete and review the information collection. **If you have any comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to:**

U.S. Department of Education
Office of Student Financial Assistance
Program Development Division
400 Maryland Avenue, S.W.
(Room 3053, ROB-3)
Washington, DC 20202-5449.

If you have any comments or concerns regarding the status of your individual submission of this form, write directly to the lender.